



0000122332

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED  
AZ CORP COMMISSION  
JAN 29 2 59 PM '99

JIM IRVIN  
COMMISSIONER-CHAIRMAN  
TONY WEST  
COMMISSIONER  
CARL J. KUNASEK  
COMMISSIONER

DOCUMENT CONTROL Arizona Corporation Commission  
**DOCKETED**

JAN 29 1999

DOCKETED BY

*Qfw*

IN THE MATTER OF THE COMPETITION  
IN THE PROVISION OF ELECTRIC  
SERVICES THROUGHOUT THE STATE OF  
ARIZONA

Docket No. RE-00000C-94-165

**SEMPRA ENERGY TRADING CORP.'S  
PROPOSED REVISIONS TO THE  
RETAIL ELECTRIC COMPETITION  
RULES**

Pursuant to the January 26, 1999 Procedural Order, Sempra Energy Trading Corp. submits the attached proposed changes to the Retail Electric Competition Rules. In addition to the strikeout/underline format, Sempra has included bracketed, italicized explanations for its proposed changes.

January 29, 1999.

Respectfully submitted,

**SEMPRA ENERGY TRADING CORP.**

By *Lex J. Smith*

Lex J. Smith  
Michael W. Patten  
BROWN & BAIN, P.A.  
2901 North Central Avenue  
Post Office Box 400  
Phoenix, Arizona 85001-0400

Attorneys for Sempra Energy Trading

1 ORIGINAL and (10) COPIES filed  
January 29, 1999, with:

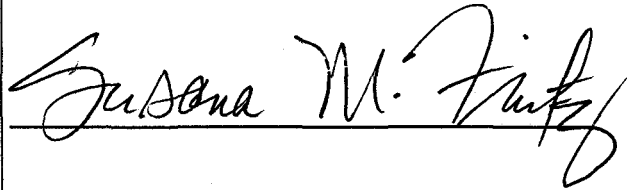
2 Docket Control  
3 Arizona Corporation Commission  
1200 West Washington Street  
4 Phoenix, Arizona 85007

5 COPY hand-delivered January 29, 1999, to:

6 Paul A. Bullis, Esq.  
7 Christopher C. Kempley, Esq.  
Janet Wagner, Esq.  
8 Janice Alward, Esq.  
Legal Division  
9 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
10 Phoenix, Arizona 85007

11 COPIES mailed January 29, 1999, to:

12 *All parties on the service list for*  
13 *Docket No. RE-00000C-94-165*

14   
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**R14-2-202. Certificate of Convenience and Necessity for electric utilities; filing requirements on certain new plants**

**A. Application for new Certificate of Convenience and Necessity**

1. Six copies of each application for a new Certificate of Convenience and Necessity shall be submitted in a form prescribed by the Commission and shall include, at a minimum, the following information:
  - a. The proper name and correct address of the proposed utility company and its owner, if a sole proprietorship, each partner, if a partnership, or the President and Secretary if a corporation.
  - b. The maximum rates proposed to be charged for the service that will be rendered. {suggest an "up to" maximum rate since prices will likely fluctuate in a competitive market}
  - c. A financial statement setting forth the financial condition of the applicant.
  - d. Maps of the proposed service area and/or a description of the area proposed to be served.
  - e. Appropriate city, county and/or state agency approvals, where appropriate.
  - f. The actual number of customers within the service area as of the time of filing and the estimated number of customers to be served for each of the first five years of operation.
  - g. Such other information as the Commission by order or the staff of the Utilities Division by written directive may request.

**B. Filing requirements on certain new plants**

1. Any utility proposing to construct a generating facility of over eighty Mw capacity shall, at least 180 days prior to commencement of construction, file with the Commission the following information:
  - a. The proposed site of such plant.
  - b. The approximate generating capacity of such plant and the number of generating units proposed for each plant site.
  - c. The type of fuel proposed to be used in each plant.
  - d. The proposed source of fuel and water for each plant.
  - e. The estimated date by which such plant will be in operation.

- f. The load forecasting data available to such utility which, in its opinion, justifies the need for construction of such proposed generating facility.
  - g. The method and timing of financing the proposed plant.
  - h. Such further information as the Commission may, by special order, or the staff of the Utilities Division may, by written directive, require.
- 2. The utility shall update the information required to be filed on not less than an annual basis by January 31 of each year following the original filing until construction has been completed.

**C. Application for discontinuance or abandonment of utility service**

- 1. Any utility proposing to discontinue or abandon utility service currently in use by the public shall prior to such action obtain authority therefor from the Commission.
- 2. The utility shall include in the application, studies of past, present and prospective customer use of the subject service, plant or facility as is necessary to support the application.
- 3. An application shall not be required to remove individual facilities where a customer has requested service discontinuance.

**R14-2-204. Minimum customer information requirements**

**A. Information for residential customers**

1. A utility shall make available upon customer request not later than ~~1560~~ days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:
  - a. The monthly minimum or customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable.
  - b. Rate blocks, where applicable.
  - c. Any adjustment factor and method of calculation.
2. The utility shall to the extent practical identify its tariff that is most advantageous to the customer and notify the customer of such prior to service commencement.
3. In addition, a utility shall make available upon customer request, not later than ~~1560~~ days *{60 days is too long and is not responsive to customer needs}* from date of service commencement, a concise summary of the utility's tariffs or the Commission's rules and regulations concerning:
  - a. Deposits
  - b. Termination of service
  - c. Billing and collection
  - d. Complaint handling.
4. Each utility upon request of a customer shall transmit a written statement of actual consumption by such customer for each billing period during the prior 12 months unless such data is not reasonably ascertainable.
5. Each utility shall inform all new customers of their right to obtain the information specified above.

**B. Information required due to changes in tariffs**

1. Each utility shall transmit to affected customers a concise summary of any change in the utility's tariffs affecting those customers.
2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

## **R14-2-209. Meter Reading**

### **A. Company or customer meter reading**

1. Each utility, billing entity or Meter Reading Service Provider may at its discretion allow for customer reading of meters.
2. It shall be the responsibility of the utility or Meter Reading Service Provider to inform the customer how to properly read his meter.
3. Where a customer reads his own meter, the utility or Meter Reading Service Provider will read the customer's meter at least once every 6 months.
4. The utility, billing entity or Meter Reading Service Provider shall provide the customer with postage-paid cards or other methods to report the monthly reading.
5. Each utility or Meter Reading Service Provider shall specify the timing requirements for the customer to submit his or her monthly meter reading to conform with the utility's billing cycle.
6. Where the Electric Service Provider is responsible for meter reading, reads will be available for the Utility Distribution Company's or billing entity's billing cycle for that customer, or as otherwise agreed upon by the Electric Service Provider and the Utility Distribution Company or billing entity.
7. In the event the customer fails to submit the reading on time, the utility or billing entity may issue the customer an estimated bill.
8. In the event the Electric Service Provider responsible for meter reading fails to deliver reads to the Meter Reading Service Provider server within 3 days of the scheduled cycle read date, the Affected Utility may estimate the reads.
9. Meters shall be read monthly on as close to the same day as practical.

### **B. Measuring of service**

1. All energy sold to customers and all energy consumed by the utility, except that sold according to fixed charge schedules, shall be measured by commercially acceptable measuring devices, except where it is impractical to install meters, such as street lighting or security lighting, or where otherwise authorized by the Commission.
2. When there is more than 1 meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the circuit metered or metering equipment.
3. Meters which are not direct reading shall have the multiplier plainly marked on the meter.

4. All charts taken from recording meters shall be marked with the date of the record, the meter number, customer, and chart multiplier.
5. Metering equipment shall not be set "fast" or "slow" to compensate for supply transformer or line losses.

C. Meter rereads

1. Each utility or Meter Reading Service Provider shall at the request of a customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity reread that customer's meter within 10 working days after such a request.
2. Any reread may be charged to the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity at a rate on file and approved by the Commission, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity.

D. Access to customer premises

Each utility or Meter Reading Service Provider *{the meter reading service provider must also have access to the customer's property}* shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with -property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

E. Meter testing and maintenance program

1. Each utility shall file with the Commission a plan for the routine maintenance and replacement of meters which meets the requirements of the 1995 edition (and no future editions) of ANSI C12.1 (American National Standard Code for Electricity Metering), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the Institute of Electrical and Electronics Engineers, Inc., 345 East 47th Street, New York, New York 10017.
2. Each utility shall file an annual report with the Commission summarizing the results of the meter maintenance and testing program for that year. At a minimum, the report should include the following data:
  - a. Total number of meters tested, at company initiative or upon customer request.
  - b. Number of meters tested which were outside the acceptable error allowance of  $\pm 3\%$ .

**F. Request for meter tests**

A utility or Meter Service Provider shall test a meter upon the request of the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity, and each utility or billing entity shall be authorized to charge the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer, or the customer's Electric Service Provider, Utility Distribution Company or billing entity.



**R14-2-211. Termination of service**

**A. Nonpermissible reasons to disconnect service**

1. A utility may not disconnect service for any of the reasons stated below:
  - a. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
  - b. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
  - c. Nonpayment of a bill related to another class of service.
  - d. Failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or meter failure if the customer agrees to pay over a reasonable period of time.
  - e. A utility shall not terminate residential service where the customer has an inability to pay and:
    - i. The customer can establish through medical documentation that, in the opinion of a licensed medical physician, termination would be especially dangerous to the customer's or a permanent resident residing on the customer's premises health, or
    - ii. Life supporting equipment used in the home that is dependent on utility service for operation of such apparatus, or
    - iii. Where weather will be especially dangerous to health as defined herein or as determined by the Commission.
  - f. Residential service to ill, elderly, or handicapped persons who have an inability to pay will not be terminated until all of the following have been attempted:
    - i. The customer has been informed of the availability of funds from various government and social assistance agencies of which the utility is aware.
    - ii. A 3<sup>rd</sup> party previously designated by the customer has been notified and has not made arrangements to pay the outstanding utility bill.

- g. A customer utilizing the provisions of d. or e. above may be required to enter into a deferred payment agreement with the utility within ten days after the scheduled termination date.
- h. Disputed bills where the customer has complied with the Commission's rules on customer bill disputes.

**B. Termination of service without notice**

- 1. In a competitive marketplace, the Electric Service Provider ~~cannot~~ can order a disconnect for non-payment, ~~but can only send a notice of contract cancellation to the customer and the Utility Distribution Company.~~ {The ESP should have the right to disconnect. Otherwise customers may hop from ESP to ESP without paying} Utility service may be disconnected without advance written notice under the following conditions:
  - a. The existence of an obvious hazard to the safety or health of the consumer or the general population or the utility's personnel or facilities.
  - b. The utility has evidence of meter tampering or fraud.
  - c. Failure of a customer to comply with the curtailment procedures imposed by a utility during supply shortages.
- 2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.
- 3. Each utility shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of 1 year and shall be available for inspection by the Commission.

**C. Termination of service with notice**

- 1. In a competitive marketplace, the Electric Service Provider ~~cannot~~ can order a disconnect for non-payment, ~~but can only send a notice of contract cancellation to the customer and the Utility Distribution Company.~~ {The ESP should have the right to disconnect. Otherwise customers may hop from ESP to ESP without paying} A utility or ESP may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:
  - a. Customer violation of any of the utility's tariffs,
  - b. Failure of the customer to pay a delinquent bill for utility or ESP service,
  - c. Failure to meet or maintain the utility's deposit requirements,

- d. Failure of the customer to provide the utility reasonable access to its equipment and property,
  - e. Customer breach of a written contract for service between the utility and customer and/or ESP and customer,
  - f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.
2. Each utility and ESP shall maintain a record of all terminations of service with notice. This record shall be maintained for 1 year and be available for Commission inspection.

**D. Termination notice requirements**

- 1. No utility or ESP shall terminate service to any of its customers without providing advance written notice to the customer of the utility's and/or the ESP's intent to disconnect service, except under those conditions specified where advance written notice is not required.
- 2. Such advance written notice shall contain, at a minimum, the following information:
  - a. The name of the person whose service is to be terminated and the address where service is being rendered.
  - b. The utility tariff that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the utility and/or ESP, if applicable.
  - c. The date on or after which service may be terminated.
  - d. A statement advising the customer to contact the utility and/or ESP at a specific address or phone number for information regarding any deferred payment or other procedures which the utility may offer or to work out some other mutually agreeable solution to avoid termination of the customer's service.
  - e. A statement advising the customer that the utility's and/or ESP's stated reason for the termination of services may be disputed by contacting the utility and/or ESP at a specific address or phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of his right to file a complaint with the Commission.

3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

**E. Timing of terminations with notice**

1. Each utility shall be required to give at least five days' advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate service on or after the day specified in the notice without giving further notice.
4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the utility.
5. The utility shall have the right (but not the obligation) to remove any or all of its property installed on the customer's premises upon the termination of service.

**F. Landlord/tenant rule**

1. In situations where service is rendered at an address different from the mailing address of the bill or where the utility knows that a landlord/tenant relationship exists and that the landlord is the customer of the utility, and where the landlord as a customer would otherwise be subject to disconnection of service, the utility may not disconnect service until the following actions have been taken:
  - a. Where it is feasible to so provide service, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.
  - b. A utility shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

#### **R14-2-1604. Competitive Phases- The Introduction of Competition**

- ~~A. Each Affected Utility shall make available all *[there is no need for a phase in. Let the market determine how many customers will choose an alternative supplier]* at least 20% of its 1995 system retail peak demand for competitive generation supply on a first come, first served basis as further described in this rule. First come, first served for the purpose of this rule, shall be determined for non-residential customers by the date and time of an Electric Service Provider's filing of a Direct Access Service Request with the Affected Utility or Utility Distribution Company. The effective date of the Direct Access Service Request must be within 180 days of the filing date of the Direct Access Service Request. Residential customer selection will be determined under approved residential phase in programs as specified in R14-2-1604.B.4.~~
- ~~A1. All Affected Utility customers with non-coincident peak demand load of 1 MW or greater will be eligible for competitive electric services no later than September 1, January 1, 1999. Customers meeting this requirement shall be eligible for competitive services until at least 20% of the Affected Utility's 1995 system peak demand is served by competition.~~
- ~~2. During 1999 and 2000, an Affected Utility's customers with single premise non-coincident peak load demands of 40 kW or greater aggregated into a combined load of 1 MW or greater within the Affected Utility's service territory will be eligible for competitive electric services. Self-aggregation is also allowed pursuant to the minimum and combined load demands set forth in this rule. If peak load data are not available, the 40 kW criterion shall be determined to be met if the customer's usage exceeded 16,500 kWh in any month within the last 12 consecutive months. From January 1, 1999, through December 31, 2000, aggregation of new competitive customers will be allowed until such time as at least 20% of the Affected Utility's 1995 system peak demand is served by competitors. At that point all additional aggregated customers must wait until January 1, 2001 to obtain competitive service.~~
- ~~32. Affected Utilities shall notify customers eligible under this subsection of the terms of the subsection no later than October 31, 1998.~~
- ~~B. As part of the minimum 20% of 1995 system peak demand set forth in R14-2-1604(A), Each Affected Utility shall reserve a residential phase in program with the following components:~~
- ~~1. A minimum of 1 1/4 50% of residential customers as of January 1, 1999 will have access to competitive electric services on January 1, 1999. The number of customers eligible for the residential phase in program shall increase by an additional 1 1/4 to 100% every quarter until on January 1, 2001.~~

- ~~2. Access to the residential phase in program will be on a first come, first served basis. The Affected Utility shall create and maintain a waiting list to manage the residential phase in program.~~
- ~~3. Residential customers participating in the residential phase in program shall be permitted to use load profiling to satisfy the requirements for hourly consumption data; however, they may choose other metering options offered by their Electric Service Provider consistent with the Commission's rules on metering.~~
- ~~4. Each Affected Utility shall file a residential phase in program proposal to the Commission for approval by Director, Utilities Division by September 15, 1998. Interested parties will have until September 29, 1998, to comment on any proposal. At a minimum, the residential phase in program proposal will include specifics concerning the Affected Utility's proposed:
  - ~~a. Process for customer notification of residential phase in program;~~
  - ~~b. Selection and tracking mechanism for customers based on first come, first served method;~~
  - ~~c. Customer notification process and other education and information services to be offered;~~
  - ~~d. Load Profiling methodology and actual load profiles, if available; and~~
  - ~~e. Method for calculation of reserved load.~~~~
- ~~5. Each Affected Utility shall file quarterly residential phase in program reports within 45 days of the end of each quarter. The 1<sup>st</sup> such report shall be due within 45 days of the quarter ending March 31, 1999. The final report due under this rule shall be due within 45 days of the quarter ending December 31, 2002. As a minimum, these quarterly reports shall include:
  - ~~a. The number of customers and the load currently enrolled in residential phase in program by energy service provider;~~
  - ~~b. The number of customers currently on the waiting list;~~
  - ~~c. A description and examples of all customer education programs and other information services including the goals of the education program and a discussion of the effectiveness of the programs; and~~
  - ~~d. An overview of comments and survey results from participating residential customers.~~~~

**CB.** Each Affected Utility shall file a report by September 15, 1998, detailing possible mechanisms to provide benefits, such as rate reductions of 3% - 5%, to all Standard Offer customers.

~~D.~~ All customers shall be eligible to obtain competitive electric services no later than January 1, 2001, at which time all customers shall be permitted to aggregate, including aggregation across service territories.

~~ED.~~ Subject to the minimum 20% limitation described in subsection (A) of this Section, ~~a~~All customers who produce or purchase at least 10% of their annual electricity consumption from photovoltaic or solar thermal electric resources installed in Arizona after January 1, 1997 shall be selected for participation in the competitive market if those customers apply for participation in the competitive market.

~~F.CE~~ Retail consumers served under existing contracts are eligible to participate in the competitive market prior to expiration of the existing contract, ~~only if the Affected Utility and the consumer agree that the retail consumer may participate in the competitive market.~~

~~FD.~~ G. — A Load-Serving Entity may, beginning January 1, 1999, engage in buy-throughs with individual or aggregated consumers. Any buy-through contract shall ensure that the consumer pays all non-bypassable charges that would otherwise apply. Any contract for a buy-through effective prior to January 1, 1999 must be approved by the Commission.

**HGE.** Schedule Modifications for Cooperatives

1. An electric cooperative may request that the Commission modify the schedule described in R14-2-1604(A) through R14-2-1604(E) so as to preserve the tax exempt status of the cooperative or to allow time to modify contractual arrangements pertaining to delivery of power supplies and associated loans.
2. As part of the request, the cooperative shall propose methods to enhance consumer choice among generation resources.
3. The Commission shall consider whether the benefits of modifying the schedule exceed the costs of modifying the schedule.

#### **R14-2-1606. Services Required To Be Made Available**

- A.** Each Affected Utility shall make available to all consumers in its service area, as defined on the date indicated in R14-2-1602, Standard Offer bundled generation, transmission, ancillary, distribution, and other necessary services at regulated rates. After January 1, 2001, Standard Offer service shall be provided by Utility Distribution Companies who shall also act as Providers of Last Resort.
- B.** After January 1, 2001, power purchased by a Utility Distribution Company to serve Standard Offer customers, except purchases made through spot markets, shall be acquired through competitive bid. Any resulting contract in excess of 12 months shall contain provisions allowing the Utility Distribution Company to ratchet down its power purchases. A Utility Distribution Company may request that the Commission modify any provision of this subsection for good cause.
- C.** Standard Offer Tariffs
  - 1. By the date indicated in R14-2-1602, each Affected Utility may file proposed tariffs to provide Standard Offer Bundled Service and such rates shall not become effective until approved by the Commission. If no such tariffs are filed, rates and services in existence as of the date in R14-2-1602 shall constitute the Standard Offer.
  - 2. Affected Utilities may file proposed revisions to such rates. It is the expectation of the Commission that the rates for Standard Offer service will not increase, relative to existing rates, as a result of allowing competition. Any rate increase proposed by an Affected Utility for Standard Offer service must be fully justified through a rate case proceeding.
  - 3. Such rates shall reflect the costs of providing the service.
  - 4. Consumers receiving Standard Offer service are eligible for potential future rate reductions authorized by the Commission, such as reductions authorized in Decision No. 59601.
- D.** By the date indicated in R14-2-1602, each Affected Utility shall file Unbundled Service tariffs to provide the services listed below to the extent allowed by these rules to all eligible purchasers on a nondiscriminatory basis. Other entities seeking to provide any of these services must also file tariffs consistent with these rules:
  - 1. Distribution Service;
  - 2. Metering and Meter Reading Services;
  - 3. Billing and collection services;



4. Open access transmission service (as approved by the Federal Energy Regulatory Commission, if applicable);
  5. Ancillary services in accordance with Federal Energy Regulatory Commission Order 888 (III FERC Stats. & Regs. paragraph 31,036, 1996) incorporated herein by reference;
  6. Information services such as provision of customer information to other Electric Service Providers;
  7. Other ancillary services necessary for safe and reliable system operation.
- E. To manage its risks, an Affected Utility or Electric Service Provider may include in its tariffs deposit requirements and advance payment requirements for Unbundled Services.
- F. The Affected Utilities must provide transmission and ancillary services according to the following guidelines:
1. Services must be provided consistent with applicable tariffs filed with the Federal Energy Regulatory Commission.
  2. Unless otherwise required by federal regulation, Affected Utilities must accept power and energy delivered to their transmission systems by others and offer transmission and related services comparable to services they provide to themselves.
- G. Customer Data
1. Upon written authorization by the customer, a Load-Serving Entity shall release in a timely and useful manner that customer's demand and energy data for the most recent 12-month period to a customer-specified Electric Service Provider.
  2. The Electric Service Provider requesting such customer data shall provide an accurate account number for the customer.
  3. The form of data shall be mutually agreed upon by the parties and such data shall not be unreasonably withheld.
  4. Utility Distribution Companies shall be allowed access to the Meter Reading Service Provider server for customers served by the Utility Distribution Company's distribution system.
- H. Rates for Unbundled Services
1. The Commission shall review and approve rates for services listed in R14-2-1606(D) and requirements listed in R14-2-1606(E), where it has jurisdiction, before such services can be offered.

2. Such rates shall reflect the costs of providing the services.
3. Such rates may be downwardly flexible if approved by the Commission.

~~I. Electric Service Providers offering services under this R14-2-1606 shall provide adequate supporting documentation for their proposed rates. Where rates are approved by another jurisdiction, such as the Federal Energy Regulatory Commission, those rates shall be provided to this Commission.~~ {adds an unnecessary cost burden, the market will determine the proper rate}

#### **R14-2-1607. Recovery of Stranded Cost of Affected Utilities**

- A. The Affected Utilities shall take every reasonable, cost-effective measure to mitigate or offset Stranded Cost, ~~by means such as expanding wholesale or retail markets, or offering a wider scope of services for profit, among others.~~ {Leave this requirement open.}
- B. The Commission shall allow a reasonable opportunity for recovery of unmitigated Stranded Cost by Affected Utilities.
- C. The Affected Utilities shall file estimates of unmitigated Stranded Cost. Such estimates shall be fully supported by analyses and by records of market transactions undertaken by willing buyers and willing sellers.
- D. An Affected Utility shall request Commission approval, on or before August 21, 1998, of distribution charges or other means of recovering unmitigated Stranded Cost from customers who reduce or terminate service from the Affected Utility as a direct result of competition governed by this Article, or who obtain lower rates from the Affected Utility as a direct result of the competition governed by this Article. Customer specific stranded costs should be allocated to those customers on whose behalf they were incurred.. {Directly assigned costs, if stranded, should be passed on to those customers which had directly assigned costs. Otherwise the utility should be required to absorb those costs.}
- E. The Commission shall, after hearing and consideration of analyses and recommendations presented by the Affected Utilities, staff, and intervenors, determine for each Affected Utility the magnitude of Stranded Cost, and appropriate Stranded Cost recovery mechanisms and charges. In making its determination of mechanisms and charges, the Commission shall consider at least the following factors:
  - 1. The impact of Stranded Cost recovery on the effectiveness of competition;
  - 2. The impact of Stranded Cost recovery on customers of the Affected Utility who do not participate in the competitive market;
  - 3. The impact, if any, on the Affected Utility's ability to meet debt obligations;
  - 4. The impact of Stranded Cost recovery on prices paid by consumers who participate in the competitive market;
  - 5. The degree to which the Affected Utility has mitigated or offset Stranded Cost;
  - 6. The degree to which some assets have values in excess of their book values;
  - 7. Appropriate treatment of negative Stranded Cost;
  - 8. The time period over which such Stranded Cost charges may be recovered. The Commission shall limit the application of such charges to a specified time period;

9. The ease of determining the amount of Stranded Cost;
  10. The applicability of Stranded Cost to interruptible customers;
  11. The amount of electricity generated by renewable generating resources owned by the Affected Utility.
- F. A Competitive Transition Charge (CTC) ~~may~~ will be assessed ~~only on all~~ customer purchases regardless of supplier (either an ESP or the incumbent utility) ~~made in the competitive market using the provisions of this Article.~~ *{all customers, including those of the incumbant utility should pay the CTC}* Any reduction in electricity purchases from an Affected Utility resulting from self-generation, demand side management, or other demand reduction attributable to any cause other than the retail access provisions of this Article shall not be used to calculate or recover any Stranded Cost from a consumer.
- G. Stranded Cost shall be recovered from customer classes in a manner consistent with the specific company's current rate treatment of the stranded asset, in order to effect a recovery of Stranded Cost that is in substantially the same proportion as the recovery of similar costs from customers or customer classes under current rates.
- H. The Commission may order an Affected Utility to file estimates of Stranded Cost and mechanisms to recover or, if negative, to refund Stranded Cost.
- I. The Commission may order regular revisions to estimates of the magnitude of Stranded Cost.

**R14-2-1613. Service Quality, Consumer Protection, Safety, and Billing Requirements**

- A. Except as indicated elsewhere in this Article, R14-2-201 through R14-2-212, inclusive, are adopted in this Article by reference. However, where the term "utility" is used in R14-2-201 through R14-2-212, the term "utility" shall pertain to Electric Service Providers providing the services described in each paragraph of R14-2-201 through R14-2-212. R14-2-203(E) and R14-2-212(H) shall pertain only to Utility Distribution Companies.
- B. The following shall not apply to this Article:
1. R14-2-202 in its entirety,
  2. R14-2-206 in its entirety,
  3. R14-2-207 in its entirety,
  4. R14-2-212 (F)(1),
  5. R14-2-213,
  6. R14-2-208(E) and (F).
- C. No consumer shall be deemed to have changed providers of any service authorized in this Article (including changes from supply by the Affected Utility to another provider) without written authorization by the consumer for service from the new provider. If a consumer is switched (or slammed) to a different ("new") provider without such written authorization, the new provider shall cause service by the previous provider to be resumed and the new provider shall bear all costs associated with switching the consumer back to the previous provider. A written authorization that is obtained by deceit or deceptive practices shall not be deemed a valid written authorization. Providers shall submit reports within 30 days of the end of each calendar quarter to the Commission itemizing the direct complaints filed by customers who have had their Electric Service Providers changed without their authorization. Violations of the Commission's rules concerning unauthorized changes of providers may result in penalties, or suspension or revocation of the provider's certificate.
- D. A customer with an annual load of 100,000 kWh or less may rescind its authorization to change providers of any service authorized in this Article within 3 business days, without penalty, by providing written notice to the provider.
- E. Each Electric Service Provider providing service governed by this Article shall be responsible for meeting applicable reliability standards and shall work cooperatively with other companies with whom it has interconnections, directly or indirectly, to ensure safe,

reliable electric service. Utility Distribution Companies shall make reasonable efforts to notify customers of scheduled outages, and also provide notification to the Commission.

- F. Each Electric Service Provider shall provide at least 45 days notice to all of its affected consumers of its intent to cease providing generation, transmission, distribution, or ancillary services necessitating that the consumer obtain service from another supplier of generation, transmission, distribution, or ancillary services.
- G. ~~All Electric Service Providers rendering service under this Article shall submit accident reports as required in R14-2-101.~~ *This requirement would add an unnecessary cost burden, which, in the margin, could frustrate competition.*

...

## R14-2-1614. Reporting Requirements

- A. Reports covering the following items, as applicable, shall be submitted to the Director, Utilities Division by Affected Utilities or Utility Distribution Companies and all Electric Service Providers granted a Certificate of Convenience and Necessity pursuant to this Article. These reports shall include the following information pertaining to competitive service offerings, Unbundled Services, and Standard Offer services in Arizona:
1. Type of services offered;
  2. kW and kWh sales to consumers, disaggregated by customer class (for example, residential, commercial, industrial);
  3. Solar energy sales (kWh) and sources for grid connected solar resources; kW capacity for off-grid solar resources;
  4. ~~Revenues from sales by customer class (for example, residential, commercial, industrial);~~ *{Under competition, this information could be considered as a trade secret.}*
  - 5.4. Number of retail customers disaggregated as follows: residential, commercial under 40 kW, commercial 41 to 999 kW, commercial 1000 kW or more, industrial less than 1000 kW, industrial 1000 kW or more, agricultural (if not included in commercial), and other;
  6. ~~Retail kWh sales and revenues disaggregated by term of the contract (less than 1 year, 1 to 4 years, longer than 4 years), and by type of service (for example, firm, interruptible, other);~~ *{Under competition, this information could be considered as a trade secret.}*
  - 7.5. Amount of ~~and revenues from each service provided under R14-2-1605, and, if applicable, R14-2-1606;~~
  8. ~~Value of all assets used to serve Arizona customers and accumulated depreciation;~~ *{For some ESPs, generating assets will not be involved. Also, this information could be considered a trade secret under competition. Finally, the market will determine prices, regardless of the value of the assets used to supply that market.}*
  - 9.6. Tabulation of Arizona electric generation plants owned by the Electric Service Provider broken down by generation technology, fuel type, and generation capacity;
  - 10.7. The number of customers aggregated and the amount of aggregated load;
  - 11.8. Other data requested by staff or the Commission;

- ~~12.9.~~ In addition, prior to the date indicated in R14-2-1604(D), Affected Utilities shall provide data demonstrating compliance with the requirements of R14-2-1604.

**B.A.** Reporting Schedule

1. For the period through December 31, 2003, semi-annual reports shall be due on April 15 (covering the previous period of July through December) and October 15 (covering the previous period of January through June). The 1st such report shall cover the period ~~January 1 through June 30,~~ from the start of competition through June 2000.1999.
  2. For the period after December 31, 2003, annual reports shall be due on April 15 (covering the previous period of January through December). The 1st such report shall cover the period January 1 through December 31, 2004.
- C. The information listed above may be provided on a confidential basis. However, staff or the Commission may issue reports with aggregate statistics based on confidential information that do not disclose data pertaining to a particular seller or purchases by a particular buyer.
- D. Any Electric Service Provider governed by this Article which fails to file the above data in a timely manner may be subject to a penalty imposed by the Commission or may have its Certificate rescinded by the Commission.
- E. Any Electric Service Provider holding a Certificate pursuant to this Article shall report to the Director of the Utilities Division the discontinuation of any competitive tariff as soon as practicable after the decision to discontinue offering service is made.
- F. In addition to the above reporting requirements, Electric Service Providers governed by this Article shall participate in Commission workshops or other forums whose purpose is to evaluate competition or assess market issues.
- G. Reports filed under the provisions of this section shall be submitted in written format and in electronic format. Electric Service Providers shall coordinate with the Commission staff on formats.



## **R14-2-1617. Affiliate Transactions**

• • •

### **E. Compliance Plans**

No later than ~~December 31, 1998~~, thirty days prior to the implementation of competition, each Affected Utility or Utility Distribution Company shall file a compliance plan demonstrating the procedures and mechanisms implemented to ensure that activity prohibited by these rules will not take place. The compliance plan shall be submitted to the Director, Utilities Division and shall be in effect until a determination is made regarding its compliance under these rules. The compliance plan shall thereafter be submitted annually to reflect any material changes. An Affected Utility or Utility Distribution Company shall have a performance audit prepared by an independent auditor in the 1<sup>st</sup> quarter after the end of each calendar year to examine compliance with the rules set forth herein, starting no later than the calendar year 1999, and every year thereafter until December 31, 2002. Such audits shall be filed with the Director, Utilities Division. After December 31, 2002 the Director, Utilities Division may request a Utility Distribution Company to conduct such an audit.

### **F. Waivers**

1. Any affected entity may petition the Commission for a waiver by filing a verified application for waiver setting forth with specificity the circumstances whereby the public interest justifies a waiver from all or part of the provisions of this rule.
2. The Commission may grant such application upon a finding that a waiver is in the public interest.